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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000040

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SUBJECT: SMALL PARTIES STRUGGLE TO SURVIVE UNDER TAIWAN'S NEW LEGISLATIVE ELECTION SYSTEM

Classified By: AIT deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

¶1. (C) Summary: Taiwan's small political parties are facing an uphill battle to win seats in the January 12 legislative elections, with most focusing on the 34 at-large seats which will be apportioned according to the percentage parties win on a second "party preference" ballot. While two small parties may win district elections, the 10 small parties competing for at-large seats are unlikely to win the 5 percent of the overall party preference vote they need to qualify for such seats. The deep-Blue New Party and the pan-Green Taiwan Solidarity Union (TSU) have a slight chance.

The DPP and KMT are working hard to undermine small parties by urging supporters not to "waste" their votes on parties unlikely to meet the 5 percent threshold. End summary.

¶2. (C) On January 12 Taiwan moves to a new electoral system for legislators. Under the new system, voters cast two legislative election ballots, one for a district candidate and another for a political party. In the new 113-seat Legislative Yuan (LY), the voters' first ballot will determine the winners of the 73 district seats and 6 seats for indigenous peoples, while the results of voting on the second ballot will determine how 34 at-large seats are allocated to political parties. Under the new system, individuals can split their vote, choosing a district candidate from one party while casting their second ballot for a different party. The 10 small parties competing for at-large seats are pinning their hopes on voters being willing to split their two ballots between different parties.

Targeting the Party Ballot

¶3. (C) While 13 small parties have registered candidates in one or more of the 73 district races, only two of these parties have a realistic chance of winning district seats. Although 10 small parties have nominated candidates for the 34 at-large party seats, probably only two of these have even a slight chance of exceeding the minimum 5 percent of total party preference votes necessary to qualify for any at-large seats. Depending on overall voter turnout, a political party will need to win about 500,000 - 600,000 party preference

votes to meet the 5 percent threshold.

Small Parties See an Opening

¶4. (C) Although the new electoral system is widely expected to lead toward a two-party system, the small parties are hoping to buck this trend. The small parties believe they can appeal to those voters dissatisfied with the two major parties, which some polls suggest could be as high as 40 percent of Taiwan's electorate. They also hope to target special groups, such as farmers, the Hakka, disadvantaged people, and youth, who may feel the two major parties are more interested in fighting with each other than meeting their needs.

¶5. (C) The Taiwan Farmers Party, for example, was formed last year with the aim of promoting the interests of the agricultural and fishing communities, and has been highly critical of the government's welfare and pension policies for farmers. The party is running 8 at-large candidates and 10 candidates in district races. Other small parties have targeted different subsets of society, presenting themselves as an alternative to the DPP and KMT in an attempt to meet the 5 percent threshold necessary to win at-large seats. Fierce competition among these parties for what experts estimate may be a rather small slice (5-10 percent) of the electorate, however, is likely to spread the second vote too thinly to allow any of the small parties to pass the 5 percent threshold.

TSU and New Party Struggle to Survive...

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¶6. (C) The Taiwan Solidarity Union (TSU) and the New Party (NP) are the only two small parties thought to have a chance of meeting the 5 percent threshold. TSU Deputy Secretary-General Liu I-te told AIT his party expects to

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receive 7 to 10 percent of the party vote and to qualify for 2-4 seats under the new system. In past legislative elections the TSU won about 8 percent of the vote, but many of the party's strongest local candidates have deserted the TSU for the DPP, Liu noted. Nevertheless, former President

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and TSU "spiritual leader" Lee Teng-hui has been trying to boost party prospects by making impassioned pleas to support the TSU as a counterbalance to the DPP and KMT.

¶7. (C) The New Party, which split from the KMT in the early 1990's, has also staked its hopes on earning at-large seats in the new LY. The NP recently staged a rally in Taipei to promote its Deep Blue platform, highlighting its call for a boycott of referenda. The party is urging supporters to vote for KMT candidates in the district races and to cast their second ballot for the New Party. They argue the LY needs a third, deep-Blue voice to keep the KMT from straying too far from its traditional positions. The New Party could benefit from the popularity of its primary at-large candidate, Joanna Lei, a well-respected incumbent KMT legislator who rejoined the New Party after running into difficulties in the KMT candidate selection process. The New Party also gained a minor boost recently from an endorsement by prominent entrepreneur Robert Tsao, who is proposing a law to promote cross-Strait peaceful coexistence.

¶8. (C) The Non-Partisan Solidarity Union (NPSU) is the only other small party given an outside chance to crack the 5 percent threshold. The party has several strong district candidates, which might attract votes for the party's

two-person at-large slate. The well-respected former PFP legislator and economist Christina Liu, the party's lead at-large candidate, has placed many ads in the media.

...Other Parties Hoping for a Miracle

¶19. (C) Among the other small parties, which have very little chance of winning seats in the upcoming election, two stand out. The Home Party -- called the Red Party in Chinese -- formed last November based on the remnants of the "Red Shirt" movement that former DPP chair Shih Ming-teh launched in 2006 to try to force President Chen to step down over corruption issues. The Home Party has a different agenda than the Red Shirt movement, however, focusing on bridging the Blue-Green divide, echoing an appeal made by many other small parties. The Red Shirt movement drew its strength from pan-Blue supporters, and there is no indication the Home Party will be able to attract large numbers of these supporters away from the KMT or New Party.

¶10. (C) The Third Society Party markets itself as a legion of young professionals offering an alternative to voters fed up with the current political stalemate between the two political camps, and it is supported by former premier Tang Fei and former DPP legislator Shen Fu-hsiung. Its rejection of a possible merger with the revamped TSU, which now shares some similar policy positions, however, underscores the difficulty small parties have had in uniting forces to bolster their election prospects.

PFP Chooses a Different Strategy: Union with the KMT

¶11. (C) The People First Party (PFP), the third largest party in the LY after the DPP and the KMT, has dealt with the challenge the new electoral system poses to the existence of small parties by effectively merging back into the KMT. The two parties announced in November a loose union and agreed that 10 PFP candidates -- 6 in legislative districts and 4 on the party list -- would run under the KMT flag. The PFP has no party list candidates of its own, but it is running one PFP candidate in Matsu and one in each of the two aborigine constituencies. Party officials have said they will discuss a final merger of the PFP with the KMT after the new

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legislative session begins in February.

KMT, DPP Urge Voters not to "Waste" Ballots

¶12. (C) The two major parties are urging their supporters not to "waste" their second ballot by voting for any of the small parties. Earlier this month former DPP Chairman Yu Shyi-kun urged pan-Green supporters to abandon the TSU, warning that a divided pan-Green camp would risk a landslide defeat in the upcoming elections. The KMT has been more aggressive in its appeals, placing advertisements in newspapers that equate a vote for a small party (i.e., the New Party) as equivalent to a vote for the DPP and President Chen Shui-bian. The New Party has threatened to sue the KMT.

Comment

¶13. (C) Most likely, the DPP and KMT will split the 34 at-large seats in the vote on January 12. The percentage each party wins on this second ballot will provide an early and imperfect indication of party support heading toward the March 22 presidential election. The DPP hopes to break 40 percent but is concerned it might fall short. Party list vote percentages may also give some indication of regional strengths and weaknesses for the two major parties.

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